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man sits down to read, and reviewers, who read nothing, may well abstain from a gazetteer. Those articles, however, of Mr Worcester's work, which we have had occasion to examine, are prepared with singular diligence and accuracy.

ART. X.—*The Prospect before us, or Facts and Observations illustrative of the past and present Situation and future Prospects of the United States, embracing a View of the Causes of the late Bankruptcies in Boston: to which is added a Sketch of the restrictive Systems of the principal Nations of Christendom. By a Pennsylvanian. Fourth edition improved. Philadelphia, 1822.*

THIS publication speaks the opinion of a school of economists, who have been active in diffusing their doctrines. Four editions of it were sold or otherwise distributed last autumn and winter, apparently with the design of aiding the attempt which was made in the last session of congress to procure a revision of the tariff, in order to the encouragement of American manufactures. The pamphlet cannot be said to contain any new principle, or new argument. The topics which it treats are, on the contrary, somewhat trite; such as the balance of trade,—the drain of specie,—and the futility of the theories of Adam Smith. There are in it also many misconceptions, as we think, of facts, and as it proclaims the creed of a zealous school of economists among us, and as no pains, we understand, have been spared in circulating it, we have thought it worth while, in a brief commentary on a part of its contents, to expose what we esteem its errors. This we shall do without observing any other order of topics, than that of their occurrence in the work, and with a wish to preserve a more temperate tone than is always conspicuous in the pamphlet itself.

1. With respect to the cause and extent of mercantile distress, our author says :—‘ that the mercantile class is, and always has been, too numerous for the commerce of the country, is admitted on all hands; and that the extraordinary number of bankruptcies which have taken place, not only lately, but during the whole course of the wars of the French

revolution, have arisen from the excess of their numbers, is equally clear. Now whence does this arise? From the depression of manufactures. Thousands of young men, who, had the cotton, woollen, iron, brass, steel, and other manufactures been properly protected, would have been devoted to them, have become merchants, and thus immoderately swelled the number of the class—and hence followed the ruin of so many of them.’

Now that the pursuit of commerce, like every other profitable pursuit, in every free country, has been overdone in America, is true, though by no means to a ruinous extent, upon the whole. On the contrary, the world does not furnish an example of a prosperity so great, so wide spreading, and so rapid as that, which has attended the American commerce, since the time of the French revolution. No where in the history of civilized nations has there been such an instantaneous creation of property, such a conversion of human skill and industry into value, as in the American commerce in this period. This threnody over the crowding of our commerce and its supposed calamitous consequences is to be taken with the reservation, that this commerce has been attended with a diffusion of prosperity, wealth, and improvement unexampled. But suppose the evil to be real, (or as far as it is real,) there is no propriety in ascribing it to the discouragement of manufactures. Different causes have led to the zeal with which trade has been pursued. Young men have crowded into commerce, because the rising generation in this land is ardent and enterprising; because it is intelligent and well informed; because it is frugal and in good credit; because the sea, that beats our native shores, calls out the inhabitants upon it; because the European nations, busy in the dark industry of destruction, have stood in need of our neutral flag to convey their colonial produce; because our citizens have thus been able to turn their hardy muscles, their temperate habits, and their sagacity to a good account; because a rapidly increasing population at home has furnished a market for a vast amount of foreign produce; and because that free government, for which their fathers fought, has left them unrestrained in the choice of their pursuits. These are some of the causes which have occasioned the press into the ranks of commerce. To say this press is owing to the depression of manufactures, is

purely gratuitous. Supposing it possible, that legislative provisions could have made manufacturing as profitable as commercial industry, (though some of the attractions of the latter pursuit would have been still wanting to the former,) does our author suppose that manufactures would not have been overdone; that there would have been no rush into that business, and none been drawn unprofitably from the plough, or the helm, to the spindle—that there would have been no bankruptcies? Let us look at England, a country, surely, where manufactures are sufficiently encouraged. Observe the bankruptcies proclaimed in the gazettes, and see whether they are confined to merchants. We have taken up the first magazine that came to hand, and out of one hundred and forty bankruptcies in the month from November 17, to December 15, 1821, twenty only were of mercantile establishments, and the other sixth sevenths of every species of manufacturers. We have no doubt this proportion is constant; and indeed who that considers the matter can doubt, that precisely the same causes which produce bankruptcy in commercial, would produce it proportionally in manufacturing pursuits? Bankruptcies are caused by misfortune, untoward accidents of all kinds, by want of skill, want of industry, of economy, of prudence, of judgment; by some or all of these combined. Every profitable pursuit will draw a crowd of undertakers, some of whom will be exposed to a part or the whole of these sources of failure. To ascribe the bankruptcy of merchants to their numbers merely, is to take, then, a very superficial and an incorrect view of the subject.

Equally inadequate is our author's account of the cause of the failure of many manufacturing establishments, which cause he seeks in the want of protecting duties. He tells us truly that many manufacturing establishments were broken up by the return of peace, and some of them, no doubt, in consequence of the competition of foreign products. But when we look into the history of these factories, we find other causes of their destruction. Almost every newspaper a few years since, as is still the case, related the burning of some great wooden castle, under the name of a cotton factory,—a vast tinder-box, miserably guarded, and situated in a village, perhaps, where nothing like a fire-engine existed. So common was this, that it was currently asserted in times of high party excitement,

that British emissaries were regularly employed to *discourage* our manufactures in this summary way. Again, all manufactures, to be prosecuted to great extent and with great profit, require a very complicated and perfect machinery, not to be had without a great disbursement, nor easily for that. Accordingly, the factories which were so imprudently set up at every waterfall in our country, ill provided with machinery, possessed of none of its most costly improvements, and furnished with nothing but of the cheapest and most ordinary construction, though they might be able, during the total exclusion of foreign trade in time of war, or under a system of prohibitory duties, to continue in operation, must necessarily stop, under any competition. Many accordingly did stop; and who that sees them and knows how they were furnished and how managed, but rather wonders how they got on? Another cause of the failure of our manufactures was the want of experience. A vast accumulation of individual and traditional observation, of dexterity acquired in practice, and often of secret skill, is necessary to the successful conduct of a factory. More or less of it is necessary in every pursuit. A capitalist who knows nothing of trade, would commit a great error in buying cargoes, chartering ships, and making voyages. We much fear, that, without 'any depression of manufactures,' he would soon become bankrupt. But yet it is much easier to conduct a voyage than a factory. Good ships can be bought to your hands, cargoes judiciously laid in by the brokers, and experienced captains sent to sea. But to command all the skill, ingenuity, and experience, requisite to erect and conduct a factory, is a far different affair. Hundreds were erected without a particle of either, and stand the mournful monuments of the improvidence of their undertakers. A tariff of duties, which is to secure the success of such establishments, may well be called a tariff of *protecting* duties. It would be a good deal cheaper for the country to let the government give these establishments, one or two hundred thousand dollars each, and beseech them not try to manufacture. The fourth great cause of the failure of manufactures is the want of capital of those who set them up. *Ex nihilo nihil fit*, and all the tariffs which our author praises, from that of Russia to that of Peru, would not make a manufacturing establishment profitable, were its undertakers obliged to borrow money to erect their buildings, construct

their machinery, and purchase their raw materials. Notwithstanding the low opinion which our author expresses of Adam Smith, yet, as he has found one sentiment in the *Wealth of Nations*, to which he yields assent, we pray his attention to another. Having maintained that a bank could not, consistently with its interest, advance to a trader any considerable portion of his circulating capital, Adam Smith adds, 'still less could a bank afford to advance him any considerable part of his fixed capital; of the capital which the undertaker of an iron forge, for example, employs in erecting his forge and smelting house, &c.' Now it was principally on loans of this kind, which it was neither the interest of the undertakers to solicit nor of the banks to grant, that many of the factories in this country were erected; and the natural consequence was that bank and factory usually went over the same dam together. A generous competition existed for a while; the factory wrought up the raw material into cotton, which the bank wrought up into bills, and a year or two put a stop to both processes.

When we make this statement, however, such writers as our author may exclaim *habes confitentem*, and tell us this want of capital is precisely the evil, and that they demand legislative provision to direct capital into the channel of manufactures. This may be done by enacting such a tariff of duties as shall make it unprofitable to employ capital in commerce, and lead its possessors either, first, to lend it to the manufacturers, or, secondly, to manufacture themselves. The first expedient we aver to be unprofitable. In any thriving state of manufacturing industry, under any tariff powerful enough to destroy importation, it would be impossible to carry on manufactures, upon a borrowed capital. No ordinary state of profits could enrich the undertaker, who should be forced to borrow his capital; the business would fall into the hands of those who would conduct it on their own account; the small undertakers in manufactures, like the small merchants in commerce, would bear the brunt of every fluctuation of the business; every fall of prices would put it out of the power of some one or more petty establishments to fulfil their contracts with individuals or banks; and just that class of manufacturers who are now clamoring for protection, would have to clamor as loudly as ever. The second expedient is to force capitalists themselves

to embark in manufactures. Now, though this would in no degree relieve, but oppress more than ever the small undertakers in manufactures, though there would be just as many bankruptcies on the same amount of manufacturing as there are on the present amount of commercial capital, and though any legislative provision is, indeed, merely a bounty paid the manufacturer at the expense of the consumer, yet we certainly do wish that, as fast as the country is ripe for it, capital may be employed in manufactures. Just as it will always remain our interest to import certain articles from abroad, it has become and will still more become our interest to make others at home. As fast as the American manufacturer can go on to produce the article as cheap as the foreign, so fast we would have capital turned to manufactures; so fast it will turn itself to manufactures, and no faster. But when we go to work with these violent measures, which are to drive capital out of commercial investments and divert it into manufacturing ones, it deserves consideration that all the capital, in this country, is the growth of scarcely more than thirty years. Much of it is still in the hands of those, who have acquired it themselves in commercial pursuits. To engage in a system of legislation, avowedly for the purpose of driving a class of men who have grown up and grown old in commerce, into a new pursuit, is at least a very questionable policy. There is no such pressing need of hurry in the thing; let people have a little time to breathe, and, if the business is so good as you say, depend upon it, it will be followed up.

2. Our author next touches an old stumblingblock,* *the balance of trade*. The sound doctrine is so well admitted on this subject, that it seems almost idle to agitate it, and many of our writer's remarks, if we may venture to say so, sound like the arguments which we find against the Copernican system, in books of the early part of the seventeenth century. Our author sneers at it as a *dictum* of Adam Smith; but certainly there is not a respectable writer on political economy, who holds a different language, and we may challenge him to produce one, from M. Storch in Petersburg onward to the south, who does not reject the system which he maintains on this subject. 'Shall we continue to purchase more of foreign nations, than they are willing to purchase of us? Shall we continue to re-

* See Hume's essay on this subject.

ceive the laces, cambrics, silks, and woollens of France at seven and a half, fifteen, and twenty-five per cent. duty, and the linens, cutlery, and woollens of Great Britain at fifteen, twenty, and twenty-five per cent., when neither of these nations will receive in payment, for their own consumption, a barrel of our flour, the great staple of half the population of the United States?' But how is it possible to ask, whether we shall continue to purchase more of other nations than they purchase of us? How can such a thing be? A purchase is an exchange; a *quid pro quo*. For every thing the British or French merchant sends us, we send him what he regards as an equivalent; for every thing the American merchant sends to England or to France, he receives back an equivalent. Mistakes and errors of course in single cases may be made. Ships, on the outward or homeward passage, may be cast away or lost, bad purchases made, and losses encountered. These, however, in a trade of a hundred millions, on each side, must balance each other, as the causes that produce them are in existence in one part of the world as well as the other, and the Americans, in particular, do not labor under the imputation of being the party most likely to be *taken in*. With these premises it is surely vain to talk of our purchasing of one nation more than that nation purchases of us. An exchange of values, considered equal, is the very definition of a purchase.

But this brings us to the keystone of this system;—if we purchase of others more than they do of us, we must pay the *balance in specie*. In this, and its supposed necessary consequences, may be traced, according to our author, the *fons et origo malorum*; and the very terms of the proposition, 'to pay the balance in specie,' are convertible, in his judgment, with prodigality, national extravagance, and ruin. This doctrine, though condemned by every sound writer, has been so assiduously cried up, that even judicious men have permitted themselves to be carried away with the current, and sometimes exclaim also against the 'drain of specie.' Congress has once been pushed to the verge of passing a law, to prohibit the exportation of specie; and its shipment from the country is somehow or other by very many regarded as a calamity. Were it any thing else that was sent away, it would be regarded as a proof of the demand abroad for the article; and, placing reasonable

confidence in the skill of our merchants, we should trust them to make their own bargains, and get an equivalent for what they send. To talk of a drain of cotton, a drain of tobacco, a drain of flour, or a drain of coffee or sugar, would be of course absurd. Such a drain would be hailed by all who wished the progress of America. We should trust the shippers to get their money's worth ; and if we saw them year after year sending out their cargoes of wheat, cotton, and tobacco, we should have little doubt that year after year an equivalent was coming back with reasonable profit. But as for the exportation of specie, it is a drain, an impoverishment, a balance against the country. The merchant doubtless gives it away to the foreigner ; he gets nothing for it ; it might as well sink in the ocean as arrive at the port ; and, moreover, a certain limited quantity of it is assigned by Providence to the body politic ; to drain that, is to bleed the public to death.

Now nothing surely of all this is true. There never was a merchant, unless under some particular casualty, who made a gift of a cargo of specie to his correspondent abroad. There never, excepting under accidental circumstances, was a specie dollar sent to foreign countries, for which the sender did not calculate to receive in return, what he thought more valuable than the dollar. Nor is it his own judgment that decides him here ; he exchanges his dollar for that which his neighbor, his customers, his country will think and do think more valuable. Moreover, there is nothing peculiar in specie to make that bargain bad, of which the price is paid in silver, which would be good, if the price were paid in cotton or tobacco. Specie is procured by our traders, in the same way that cotton, flour, and tobacco are procured. The merchant that remits specie, procures it by precisely the same process as is employed by the merchant that remits tobacco ; and he is determined by prudence which to remit. Trade, it is true, may be and often is overdone. Cotton may be exported to a sacrifice ; tobacco may be exported to a sacrifice ; and specie may be exported to a sacrifice ; and so may they all be exported to a profit. If a merchant, who owed a sum of money in England, were to send a cargo of cotton to pay it, our author would credit it in the national account. The lower the price was in England, and of course the more disadvantageous the operation to the American, the more the item would figure to our credit, be-

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cause the more cotton would be sent. But let the merchant, finding that cotton will not sell to profit, prefer to send specie, which perhaps will, and lo, this little word has operated like a juggler's wand,—we must not trust the merchant, that he has acted prudently,—specie is drained off, and the country is so much the poorer. If a merchant, owing a sum of money in England, send a cargo of flour to the Havanna, invest the proceeds profitably in sugar, order this to Russia, sell to profit, and remit favorably to London to pay his debts, this we suppose our author would allow was good business. But let the same merchant bring the price of his flour home in dollars and remit them, and though the operation may be, in proportion to its extent, as profitable, this disastrous *specie* comes in and makes it ruinous. Whence arises this peculiar and, we may add, calamitous property in specie; famed as the great medium of trade, the great facilitator of exchanges; but found out by these economists to ruin every exchange between nations, where it is employed? Whence comes it into our country? Is it not brought in the same way as tea, as sugar, as silks? Is it not the labor, skill, attention, and capital of our merchants that bring it here, as they do brandy from France, or indigo from Calcutta? Will they ever intentionally, ever in the long run, bring more than there is a demand for? Is the demand for specie so unlimited, that, bring as much and carry away as little as you will, the value of the article is always the same? Will it come, when it will not yield a better profit than any thing else? Will it go, when it will yield a better profit at home? and while it does stay, what mysterious value has it, that it must be kept in the country by prohibitions,—that withdrawing it is to be called a drain? It is good neither to eat, drink, nor wear. Put a dollar before the hungry man or the thirsty man, and what will he do with it? *Export it*; drain his pocket of its *specie*; take his neighbor's beef and broadcloth and give silver in return, which our author regards as an abomination; and when he has filled his craving stomach and clothed his shivering limbs, a member of our author's school would tell him that the balance of trade was against him; that he had bought more of the trader, than the trader would buy of him, and that he was drained of his specie. Does the scale, on which we take the example, alter its nature? A large majority of this people like, at the close of the day, a cup

of tea ; we like it ourselves. The gentle *stimulus* with which it excites the nerves, the mild companionship it seems to form of the solitary hour, the point of union which it constitutes among neighbors and friends, have elevated tea into serious importance ; and, in an age like this, when whiskey and brandy are making such inroads, any liquid ‘that cheers but not inebriates,’ is entitled to the attention not merely of the political economist, but of the moralist and the politician. Whatever be thought of this, it is a generally favorite object of consumption. The mass of the people do say, that it soothes, cheers, and comforts them. We know that some of our manufacturers, we are sure our author will not patronise their extravagance, have also cast their eyes on the manufacture of tea ; that they talk of ‘the poisonous weed,’ the ‘worthless, insipid leaf,’ and would fain bring the people of these hitherto favored states, to some loathsome decoction of oak leaves or St John’s wort, which, forsooth, is as wholesome as tea. All this however is in the highest degree Hudibrastic. There is a redeeming spirit in the community that will resist the doctrine. It is in vain ‘to commend the ingredients of the poisoned chalice to our own lips,’ filled with camomile or succory ; and the inhabitants of the United States, particularly the Yankee portion, know too well on which side their bread is buttered, to give up their coffee or their tea. They esteem them both cordials, and so they are. Now it so happens that this tea groweth not in the Genesee country nor yet on Sullivan’s island, but in the Celestial Empire of China ;—and your disciple of Confucius, being a sturdy restrictionist, will take nothing but specie in pay for his tea. The Americans, finding that specie, in its original form, can neither be eaten nor drunk, that the most you can do with it, in this case, is to melt it into a tea-pot, but that no art has ever melted it directly into tea, green or black,—having, we say, discovered these facts, have fallen into the habit of sending off some of their dollars to the Chinese, who send them tea in return. What the Chinese do with their silver is not known. It is said that they put it in pots (much as we do their tea,) and bury it in the ground ; a policy which some might approve, as it must effectually prevent the specie from quitting the soil. Whatever becomes of the specie in China, some of the tea comes back to America to gather families together at the close of the day ; to awaken

the vivacity of the social party ; to stimulate the flagging appetite of the invalid ; to brace the nerves of the student ; in short, *to promote human happiness*. An exchange has been made of so much gold and silver, which could not be consumed for the supply of one human want or the gratification of one human taste, for a healthful, cheering beverage. Every body is the better for it ; the merchant has made a good voyage, or he would not repeat it ; the consumer prefers the tea to the price he pays for it, or he would not buy it ; and more is done by the importation of it for the cause of good morals, than all that the societies for the suppression of intemperance ever accomplished. But the manufacturer tells you, how much better it would be to keep the money in the country. Why better ? And what will you do with it ? Eat or drink it you cannot. Coarse cottons and even printed ones, though exceedingly useful in their way, will not serve for cordial and food, as well as clothing. To say it would be better to keep the money at home, which we send away for tea, is merely to say that America would be a more favored country, if, to its own staples, it added those of China ; and even if it did, unless we had a population so crowded, that two or three hundred children should daily be thrown into the river, it is doubtful, whether we could raise tea, cheap enough to be consumed, although it should grow on our soil, as freely as a Canada thistle. However, we grant that could tea be grown to profit in America, the country would be richer. If we united the prerogatives of all climates, we should be more prosperous than with those of one. If we could raise Champagne wine and Java coffee, and pepper, and tea, we could nourish a part of the population, which is now supported in France and India in furnishing us these articles. But till we can raise them, the country is neither richer nor happier for keeping the money at home, and consuming succory and New England rum. We have thus spoken of the specie trade to China, because our author, though he has much to say of the drain of specie, has put a face upon the facts of the case, which we take upon us to say they do not admit. We quote a sentence, which amounts, we think, to a confession that he has not fully investigated the subject, which he treats.

‘ There is one fact connected with this subject calculated to excite surprise. Of the amount of specie exported in the two

first quarters of this year (1822) from Boston, viz. \$1,204,446 ; there is only about \$6,200 stated as shipped for Great Britain, the items being as follows :

Batavia	\$24,000		344,767
Calcutta	200,000	Dutch E. Indies	284,000
Cape de Verds	300	China	520,453
Buenos Ayres	8,000	India generally	41,000
Brazils	32,000	Liverpool	6,267
Cuba	80,467	Sundries	7,959
	344,767		1,204,446

‘ It is scarcely possible but that the exportation to Great Britain must have exceeded the amount stated ; and it is perfectly supposable that there must be an error in the statement. But the point must be left to the decision of the reader.’

But we must except to so compendious a way of deciding points and dealing with facts. Our author and his school first assert, that we buy of Great Britain yearly from fifteen to twenty millions’ worth more than she buys of us, and that, to pay for this balance, the country is drained of specie. They then go to the customhouse books, to prove that the specie is exported, and finding that out of \$1,200,000, only 6,000 or $\frac{1}{200}$ th part, goes to Great Britain, they then tells us, in the face of customhouse returns, that it is not possible more should not be sent to Great Britain, and leave the whole to the reader.

But we will grant to the author, though he does not himself, that we remember, urge it, that though this specie is not sent directly to England, it does still go, no doubt, in part to pay this aforesaid balance. It goes to China for tea, to Java for coffee, to Calcutta for indigo ; and, these being sold in Europe, and the proceeds remitted to London, thus the balance is actually liquidated by our specie, though little of it be sent directly to England. This our author does not appear to have adverted to, or he would not have pronounced it impossible that the Boston return of specie sent to England was not erroneous, and stated that more must needs be exported ; but he would have urged it to prove that, with all its circuitous channels, our trade nevertheless was on such a footing, that we must needs pay a specie balance to the English. Though we thus put the best face on his reasoning, and save the necessity of the

unpleasant intimation, that the returns of the customhouse in this point are grossly deceptive, we would observe that in thus tracing the specie by the route, which it really takes to England, we see how unjustly our merchants are charged with pursuing a ruinous commerce with that country. The dollars shipped from America, by a judicious investment in China, and another in Europe, will perhaps have increased in value fifty per cent. by the time they are finally remitted to London, of which gain, a portion goes to pay so much more of the 'balance against us.' Now this increase is a value added to American capital, by American industry, and if paying balances of trade, by the clear profits of our industry, be national ruin, one could never wish the country a better fate, than to be so ruined.

We are surprised that our author did not perceive what an inadequate, not to say what an incredible account he was giving of our trade. He states the excess of imports over exports for nine months of the year 1822, to be over \$17,000,000. This he calls a balance against us to be paid by a drain of specie. But the whole excess of specie exported over that imported for the twelve months ending September, 1822, is short of \$7,500,000. Now our author must either suppose that this \$7,500,000 pays the foreign debt of \$17,000,000, which is a pretty good business of itself, or he must suppose that a balance of \$10,000,000 remains unpaid. This last he might do, were the importation of 1822 remarkably great; but it does not seem so to have been, and, in fact, it abundantly appears from Dr Seybert's chapter on the subject, besides that it is a matter of notoriety, that this balance *has always been against us*. From 1795 to 1801, the golden age of American prosperity, there was an aggregate balance against us of ONE HUNDRED AND SIX MILLIONS of dollars, making an annual average of more than \$15,000,000 in the trade with Great Britain alone. From 1802 to 1804 inclusive, the annual balance of trade between the United States and Great Britain, was \$17,071,253. From 1805 up to 1811, a period of seven years, 'the aggregate value of the British produce and manufactures annually exported from Great Britain to the United States amounted to 35,441,367 dollars; and the annual value of the domestic produce of the United States exported to Great Britain, calculated on the same average,

amounted annually to 9,124,941 dollars, leaving an annual balance of 26,316,426 dollars in favor of Great Britain.* Since the termination of the war, this balance certainly has not been less. If our author chooses to say that this balance is paid in specie, it is very clear that it can only be by a great annual importation of that article, or a transfer of it to London, from other foreign ports. How then can this be called a drain of our specie, when it is the reexportation of an article imported only for the purpose of being thus reexported. So fixed is the author in the idea that it is all sent out of the country, that he calls in question the accuracy of the customhouse returns; and he not only chooses to maintain that this balance is paid in specie, but he insists that the country is drained of its *circulating medium* to pay it: without being moved by the enormous improbability, that the circulating coin of this country, should from 1795 up to 1801, a period of seven years, have paid over 106,000,000 of dollars, from 1802 to 1805, 51,000,000, and again from 1805 to 1811, a sum of 164,000,000 millions, a quantity of *silver*, not much less probably than the Mexican mines yielded in the same period. The only way by which our author avoids this difficulty, is to intimate that we annually become indebted to a vast amount to the English nation. As it is not probable that the annual average of the specie exported from the country exceeds \$5,000,000, and as the annual balance of trade against us since 1795, may be safely assumed at \$20,000,000, we should be thus made to incur an annual debt of \$15,000,000, which, without reckoning interest, would amount, from 1795 to the present time, to *two hundred and seventy millions*. This is the unavoidable result of the plan, by which our author maintains that the balance of trade is paid by us to England. Either we have paid in silver since 1795, \$360,000,000, or we are indebted to the English \$270,000,000. Either conclusion seems to us a *reductio ad absurdum*.

These absurdities may be avoided by two possibilities, either of which is fatal to our author's supposition. One, and the true one, is that there is no balance against us, as will be presently explained;—the other, that if there be a balance which we must needs pay in specie, the specie must be imported as merchandise for this very purpose. To deny to merchants the right of exporting it, would be merely to cause,

* Seybert's Statistics, p. 287, 288.

remittances to be more directly made to England from foreign ports where our merchants collect specie, and no more of it would come to this country.

We say *no more*, meaning no more of all that had been imported for re-exportation. Our author speaks of *specie* and *circulating medium* as convertible terms, and would have it believed that, when dollars are sent out of the country, the circulating medium is reduced. The error of these antiquated views has been so often exposed, that it may seem superfluous to enlarge on them. Silver performs in society two functions, which are as unlike as the ordinary uses of a bank note and a bale of cotton. A portion of specie, *a very small portion*, acts an important part in society as a medium of exchange. The nature of the subject does not enable us to calculate with precision what proportion of coin is required to circulate any given amount of property, but it is certainly very small. Millions are bought and sold in the market without the intervention of a dollar, and the larger the scale and the more extended the mart, the less occasion there is for this medium of circulation. It is impossible to ascertain the exact percentage, which the amount of the circulating medium bears to the amount of the property which it circulates, the ratio being not constant but affected by the density of the population, the nature of its trade, and various local circumstances. Still, considering the innumerable channels of supply for whatever is in demand, and the instantaneous rise of prices when money abounds, and their depression when it is scarce, it does not seem possible that in any way—not even of legislative interference—the circulating medium can be diminished beyond what the business of the community demands. Diminishing its quantity will only increase its value for the moment, and occasion an influx. Increase its quantity, and its value will fall, and it will be exported. Wholly remove it in the shape of coin, and a substitute will be found. Mr Ricardo has abundantly proved, that specie is not necessary to circulate value. Why should it be? Nothing in the last analysis is necessary, but that which is itself to be consumed for the gratification of a want; and unless silver plate be called a necessary, there is no form under which silver can be so regarded; for in plate alone is it immediately consumed. For every other purpose, for that of circulation particularly, silver is convenient and safe, but by no

means essential. Who sees a silver dollar, nowadays? who wishes to see one? And if it were not more economical to use silver change, than to encounter the risk of loss and the expense of the engraving of bills, we should make no use whatever of silver, as a part of the circulating medium. In this respect highly advanced societies return to the practice of highly barbarous ones. The latter make no use of coin, but exchange produce against produce; and highly advanced societies, where property is protected by law, are content with much less cumbrous evidences of possession than silver.

A little reflection, indeed, must show that the consequences of a drain, even of the circulating medium, were such a thing possible, which we are strongly disposed to doubt, though certainly an evil, could be productive of no extreme consequences. The amount of the circulating medium, as we have said, is small in proportion to the property it circulates; to annihilate it, therefore, would, for the moment, be the annihilation of a small part of the national capital, of that part precisely which it is most easy to replace. Secondly, though the specie be exported, it is not thereby annihilated, but an equivalent in another form returns; and it is idle to talk of the country's being ruined, because a small part of its property has assumed a new form. Thirdly, all the essential elements of national wealth would remain—the fixed capital of the country—its territory—its population—and their industry and skill; and nothing, that does not destroy these, can deeply injure us. But we maintain that the drain of specie does not and cannot extend, beyond the moment, to the circulating medium. It must, from absolute necessity, be confined in a great measure to that other part of the gold and silver, which comes into the country by way of trade, and goes out in the way of trade, and which, if it cannot thus go out, will most assuredly not come in. That the specie exported must be confined to this part of the gold and silver coin is plain, because the moment it extends to the other portion, the real circulating medium, the price will begin to rise with a rapidity that will check the purchase of it, and produce an influx of more. The true circulating medium can never be exported, *because it is* the circulating medium. It is diffused throughout the community,—every man has a portion of it,—it exists nowhere in commercial masses, the brokers cannot collect it in-

to such masses, because it would rise upon them too rapidly in the act of purchasing it.

It is true a great temporary demand for specie, as for any other goods, may exist, and a scarcity of it ensue. The injurious consequences to individuals are, not that money enough does not remain to circulate the values in the community, for this, in the present state of the world's commerce, is manifestly impossible. But the price of money being raised, by the extraordinary consumption, those who have debts to pay at a certain period, that is, those who have contracted to deliver, sixty days hence, a certain quantity of money, are exposed to a loss; and failures may be the consequence. But is there any thing peculiar in this? Does this prove a deficiency in the circulating medium; and one that requires violent legislative interference,—duties on imports, bounties on manufactures, and a comprehensive change of our whole policy? How does the embarrassment just mentioned differ from any other, arising in trade from an unexpected state of the market? A merchant contracts to deliver flour at a fixed price, on a certain day; the crops fail—the grasshoppers, nature's active little brokers, consume all the ready standing corn; autumn refuses to make her usual discounts; and behold, our merchant, who depended on getting his usual accommodation from the great land bank of the soil, is ruined. Another contracts to deliver a sum of money in sixty days, and depends upon the high price of coffee, of which he has a cargo homeward bound, which he expects to sell to great profit, and with it pay his debt; his vessel has a long passage, others arrive, the markets are glutted, his coffee is sacrificed, and he is ruined. Is there any thing in these cases, essentially different from the other, in which the contract is made for money; or rather is it not in this form chiefly that money contracts are discharged? And is government to interpose, with its sovereign power, and make and alter tariffs, and turn industry out of its chosen and long accustomed channels, because improvident speculations have been attempted, and engagements entered into, of which the fulfilment has proved ruinous?

3. But our author has much to say on this last point, and has even brought the bankruptcies in Boston the last summer into his title page, with a promise of presenting a view of their causes. Their chief cause, in his opinion, is the drain of specie, the

causa causarum of all inauspicious effects. It is true, that failures to the number of ninety or more took place, though not of a magnitude to entitle them to so conspicuous a notice as the author has given them, and not among those on whom this unfavorable balance fell, that is, the importing merchants, but among a totally different class of traders. This fact, like the one alluded to above, our author meets in the same ingenious way, viz. he calls it in doubt, or leaves it undecided. We quote his words :

‘The other assertion,’ says he, ‘is, that not above two or three persons extensively engaged in the importation of dry goods were among those reduced to bankruptcy. The object of this assertion is, to induce the world to believe that there was no connexion between the importation and the distress and ruin that occurred in Boston. If the assertion be true, *which I can neither assent to nor deny*, the inference is by no means warranted. The fact is directly the reverse of the inference. The failures took place in consequence of the pressure on the banks produced by the drain of specie, and the drain of specie arose from excessive importation, although the importers may have escaped the general calamity. It is impossible, I repeat, to form any precise idea how far the calamity, which has visited Boston, extends. *But it behoves every man in business to be wary, and to guard against entering into any engagements which he can avoid.*’

We must needs pronounce this a lame and impotent conclusion. What ! is this the moral of the solemn elegy over our ruined commerce ! This the lesson to be derived from the ‘calamity,’ ‘the ruin,’ ‘the tornado,’ which has visited Boston ! Nothing but ‘to guard against entering into engagements he can avoid.’ But these reflections are *aside*. We meant only to examine how our author replies to the assertion, that the failures in Boston, in scarce one instance, fell upon the importers. He first attempts wholly to shift the state of the question ; he says, ‘the object of this assertion is to make the world believe that there was no connexion between importation and the distress and ruin which occurred in Boston.’ We know not with whom our author may confer on these points, but we protest against having any such object attributed to the mass of those who make this assertion. They maintain that it is not to the *drain of specie*, as a part of the circulating medium, that the failures are owing. We all know that business was overdone, and too many goods imported, and where

this is the case, a loss must be incurred, to the extent of the excess of the supply over the demand. This loss will fall somewhere. On whom it falls, will depend upon the stage of the business, in which the reaction begins. If it falls early, it will be on the importer, who cannot sell his goods to the home trader to profit; if at a more advanced stage, it falls on the latter, who cannot get them off his hands in season to fulfil his engagements with the importer. But this is a very different thing from a deficiency in the circulating medium. There is money enough, but too many goods. Men have made bad speculations, and the remedy is not to prohibit the exportation of specie, still less to tax foreign merchandise up to prohibition, but simply, as plain, unsophisticated sense seems to have whispered to our author, to be prudent, and '*guard against entering into engagements.*' The circumstances, which, we assure our author, are justly stated, that the failures were confined to those traders, who stand between the importer and the consumer, and that the importers escaped the '*general calamity,*' (a singular *general* calamity produced by an excess of importation, but which the importers escaped,) are decisive of the real causes of the failures. In the first place, we say it was not a drain of specie that produced the distress, for in all the two first quarters of the year 1822, *not seven thousand dollars* were exported to England. The failures took place chiefly in May and June, and it is wholly impossible, if the cause of the failures were a drain of specie to pay for the excessive importations of British manufactures, that only seven thousand dollars of this specie should have gone to England. The specie that was exported went chiefly to India and China. Should our author make use of the hint we gave him, and say that the distress was produced by the high price of bills of exchange on London drawn on the strength of the cargoes, which the aforesaid specie would purchase in the east, and of which the avails would be remitted to London, we deny this statement; for it is certainly absurd that bills should be sold on London in May, 1822, to take advantage of remittances to grow out of exportations of specie to India, made at the same time from America. The bills for those remittances have not yet come into the market. Therefore the distress of the last summer was not caused by the drain of specie. None of the specie (except a mere fraction) was drained in the branch

of trade that suffered. We go farther, and say there was no drain at all. There was not an excessive exportation of silver from Boston, while the failures took place. In the first six months of 1822, in which the failures, we believe, exclusively occurred, there was shipped from Boston the sum of \$1,204,446, of which \$1,069,453 went beyond the Cape of Good Hope. In the banks of Boston, there were, in the beginning of the year, \$936,427, and on the 22d of June \$406,275. Thus, though \$1,204,446 had been exported, \$530,152 only had been drawn from the banks, and supposing the banks to have curtailed their discounts to this amount, does our author suppose that a reduction of discounts, to the amount of five hundred thousand dollars, in six months, was the cause of the failures of nine-three traders to the amount, as he states, of three or four millions? But we propose, on this point at least, to settle the question. Our author affirms that the failures in Boston took place in consequence of the diminution of the circulating medium, produced by the drain of specie. Now it needs not be said that specie, *as such*, forms no part of the circulating medium among us, except as change of a dollar. The only way in which specie can be said to form a part of this circulating medium, is in its connexion with bank notes and the necessity the banks are under, of redeeming their bills. This necessity holds a certain quantity of specie fast in the vaults of the banks, as a hostage for the redemption of the bills. It is these bills which constitute the circulating medium. Now it appears from comparing the reports of the Boston banks for January and July, 1822, that though the quantity of specie in their possession had fallen from \$936,427 to \$406,275, yet that in the same period, the period of greatest distress, the period in which, to use our author's glowing language, 'the tornado burst on our devoted city,' the notes of the Boston banks in circulation had been diminished from \$1,231,381 only to \$1,215,011, a difference of \$16,370. This is the effect, on the *circulating medium* of the town, of the great exportation of specie, and a reduction of sixteen thousand dollars has produced failures to the amount of four millions!

It is true, that, in the period above named, the deposits at the Boston banks were considerably diminished, and the discounts of the banks reduced in consequence from \$9,867,498

to \$9,059,593. This reduction produced, for a very short period, a comparative scarcity of money, and increased the difficulty of obtaining loans on doubtful credit. As this scarcity of money, moreover, must have had the effect of the scarcity of any other commodity in demand, it is obvious that even persons in good credit must have found it difficult to get accommodation at the banks, which could not have money to loan when worth more than its legal interest. But no such distress and embarrassment, as our author would maintain, occurred. There was no actual deficiency of circulating medium for all the demands of trade. Money could not be borrowed so readily as three months earlier or three months later, but it could be borrowed still on good credit ; and it could be obtained during the whole period thought so disastrous for merchandise of any kind, without any material sacrifice. We assert, on the authority of the most respectable merchants, that prices were not materially depressed ; that sales for cash might have been effected without any great sacrifice ; that loans to a large amount were obtained at legal interest ; and might have been obtained to any desirable amount, by any one who had security to offer, for a premium of one or two per cent. during the whole period of the greatest scarcity. The very facts in which the evil is said to have its origin, prove that it could not have existed. One of the largest shipments of specie made during the year, amounting to \$400,000, was made at the time of the greatest scarcity ; and yet our author would have us believe that money could not be borrowed at *fifteen* per cent.

It follows from all these premises, that the failures were the consequence, not of a want of circulating medium, but of a want of property to command it on the part of those who failed. They failed, in other words, because they were actually insolvent, and not, as the writer would have us believe, because they were embarrassed for the moment. We have the best authority for saying, that, except in a few of the instances and those of no great magnitude, all the individuals, whose names go to swell the alarming list, were completely insolvent, independently of any embarrassment produced by the scarcity of money.

It is of course impossible to account for all these failures, without entering into the history of every single case. They

arose from a variety of causes. A general cause was overtrading. The market was filled to repletion, the profits on some branches of trade became exceedingly small, on others there was an actual loss. Those, of course, who traded on borrowed capital, that is to say, on no capital, were ruined. Misfortune and accidental losses in some, improvidence and want of foresight in others, contributed to the same effect ; and all the causes enumerated above, to which failures in commerce may be attributed, had a share in producing those which took place in Boston the last summer. It should be remembered that very few failures had happened among the merchants of Boston for many years. The great facility of obtaining money, in consequence of the abundance of capital which sought an investment, even at a low rate of interest, where the credit was good, enabled those on the verge of bankruptcy, to postpone the day of failure, which, but for these circumstances, would have arrived long before. Thus nearly all the bankruptcies of several years were crowded into the space of a few weeks ; and their occurrence within that period no more proves a disastrous and ruinous scarcity of money at that time, than their not occurring in the former period proves a stagnation of business, and a treacherous superabundance of capital. At any rate, the bankruptcies were not occasioned, though the time of the failures may have been determined, by the exportation of specie and the temporary scarcity of money ; for the individuals who failed were for the most part insolvent before the scarcity occurred, and the specie would not, of course, have been exported had it been actually wanted for the purposes of a circulating medium here, in paying the debts of those who had merchandise, stocks, real estate, or other property, to give in exchange for it. We could not have believed that four editions of a book could have been published to prove, by the ninety failures in Boston, that the distress arose there from the exportation of specie to pay for the ruinous excess of European imports, with these three facts before the world ; first, that only seven thousand dollars were sent to England from Boston ; secondly, that the circulating medium was diminished only sixteen thousand dollars ; thirdly, that out of the ninety-three failures, scarce one was of an importer.

4. We proceed now to a singular document, the debts of *the*

United States to foreign countries, stated by our author to amount to about \$60,000,000, as appears from the following table :

' Government stock held by foreigners (Sept. 1822.)	\$27,856,152
Stock of the United States' bank, do. (Oct. 1822.)	3,189,400
	<hr/>
	\$31,045,552

These alone can be stated with precision. It now remains to estimate the other items of debt.

1. Commercial debt standing previous to the present year, supposed,	\$15,000,000
2. Actual difference between imports and exports of nine months for eight ports (for 1822.)	17,000,000
3. Supposed difference of the remain- ing ports and fourth quarter	3,000,000
4. Stocks of individual states	2,000,000
5. Stocks of state banks, insurance com- panies, &c.	3,000,000
6. Supposed loss on cotton, flour, &c.	3,000,000
	<hr/>
	43,000,000
	74,045,552
Deduction of losses by foreigners on consignments sacrificed at auction, &c.	5,000,000
	<hr/>
	\$69,045,552

This may be a few millions erroneous, but it is as likely to be above as below reality.'

A table of errata appended to the pamphlet, however, tells us that in the items 2, 3, 4, there is probably an overstatement of 3 or 4,000,000 of dollars. Our author plays with his millions; and whether out of a sum of 22,000,000 he is three or four millions out of the way, that is, a fifth or a seventh of the sum, seems to him a matter of indifference. The truth is, the amounts are imaginary. Our author might as well have put the debt of our merchants before the last year at \$45,000,000 as at 15,000,000. His system would make it as we have seen above, amount to \$270,000,000. In the three next items of 22,000,000, though 17,000,000 of it rest on customhouse returns, furnished by the politeness of collectors and deputy

collectors, an overstatement of 3 or 4,000,000\$ is confessed ; and why not say 7 or 8 ? In this guess work of millions, why be so parsimonious ? The amount of the excess of the specie exported over that imported is ascertained by our author from information ‘furnished chiefly through the politeness of the secretary of the treasury, and completed by the kindness of the collectors of Boston, New York, Philadelphia, Providence, and Baltimore.’ This amount is stated, on page 24, to be \$8,661,109. Here, however, notwithstanding the politeness of one secretary, and the kindness of five collectors, our author informs us in his *errata*, that there is an overstatement of \$1,226,375, nearly a seventh of the whole. How the error arose, or where it resides, he has not told us. The figures which he gives us are rightly cast. He tells us, that ‘these errors do not materially affect the general conclusions, drawn from the table to which they belong.’ But how can it be said that an error of \$1,226,375 does not affect the conclusions to be drawn from an amount of \$8,661,109. As the excess of the amount of specie exported over that imported, which in the *errata* is stated to be \$7,434,634, is to be deducted in this account of the debts of the country, and as our author acknowledges an exaggeration of 3 or 4 millions on some other items, we have these two sums or 11,000,000 to deduct from this balance.

Five millions he deducts himself for the losses of the foreign exporter on the consignment of goods sacrificed at auction. Thus we have 16,000,000 to deduct from 43,000,000, reducing the commercial balance to 27,000,000, by our author’s own data.

But we have more serious exceptions to take to this statement, than that of exaggeration in the amount. It is delusive in its nature. It is formed, we will not by any means say on principles, which the author knows to be false, for, though he is pretty free in his use of this uncourteous language, we do not wish to follow him in it. But it is founded on principles, which all who have within fifty years written on these subjects have proved to be erroneous, and which we think can be made to appear so to a common understanding. Our author states the excess over importation, in the three first quarters of the year 1822, at \$17,000,000. This excess is of course obtained from the customhouse returns, which exhibit the domestic price of our exports, and the invoice price of our imports.

But it is plain that this is delusive in many ways. Our foreign trade is the exchange abroad of our exports against the articles we import. We pay for the latter with our exports, not at the price at which these are here estimated, but at that which they will bear abroad. This must be greater than the price at home, by the fair profit on the capital employed in the trade ; and of course a part of the return cargoes of the imports, is that profit. Our readers already perceive that our author's \$17,000,000 excess of imports over exports, must undergo the great reduction of at least interest on the capital vested in those exports, which cannot be less than several millions of dollars.

But a much more important reduction still remains. The excess of our imports is to pay not only the difference of the foreign and domestic price of our exports, that is, the immediate profit on the sale of the articles exported ; but it is to pay freight, to keep our immense tonnage in repair, to pay the wages of the shipwrights, chandlers, riggers, and the thousand other mechanics, employed in the construction of our shipping ; and it is to pay the seamen's wages, which form the maintenance of the wives and children of seamen. All these prodigious charges are to be deducted from the excess of our imports over our exports. If the merchant brought back a value no greater than he sent out, he would of course not only not be richer, but much poorer than he was before making the voyage. He would not only make no profit, but he would lose the interest of his capital, the wages of all those whom he employs, and the deterioration of his stock. These, however, in a good business must all be paid. And of course they must be paid by bringing back more than he carried out ;—by the excess of imports over exports. All these great sums are accordingly covered by that excess, which our author makes so ruinous, and which in reality is the very profit of the enterprise. The excess which is so pertinaciously said to be liquidated by an exportation of specie, is the reward of thrift, the enhancement of the exports in a foreign market, and the value added to them by the industry and skill of our citizens. And these are the precious doctrines of our author and his school ! An excess of value imported, brought home, which has built up our American navigation and with it our American navy ; which has reared Boston, New York, Philadelphia, and Baltimore, from inconsiderable ports to great capitals ; and which has

spread comfort, prosperity, and wealth through all the channels of the country, is called ruinous.

But we have a few more remarks to make on this point. The customhouse balance thus applied is still more deceptive than this. A very extensive part of our industry is in the freighting business. The outfits of the vessels that proceed from the northern parts to the south are small, their freights are ample. These are invested abroad in some form or other, and either come home in the shape of imports, or pay by bills of exchange for imports. The whole amount of the latter accordingly goes to swell the article of imports, and nothing offsets it in the export account. Thus all the industry, skill, and capital of the whole freighting business of the United States, go for nothing, absolutely nothing, with these warm friends of national industry. To make this matter plain to every capacity, we shall borrow a few words from the intelligent editor of the Portsmouth Journal.

‘The great fallacy of arguments drawn from the custom returns will be apparent from considering only one branch of the trade of this town, namely, the freighting business. In the course of the last year we have had 27 ships and 12 brigs employed in this trade, several of which have made two voyages. It will, therefore be perfectly within the truth to make a calculation of forty voyages to the year. These vessels generally took with them hay and lumber sufficient to pay their port charges in the southern states, say \$100 each or \$40,000 the year. They receive upon an average £1000 each in Europe, or \$177,600. Deducting from this sum their port charges in Europe, they brought home in salt and iron, or left behind to be brought home by others, \$150,000. The whole of this sum appears on the books of the customhouse as imports, without one cent of exports to balance it.’

This is an example on a small scale. Mr. Seybert tells us, on the large scale, that ‘the American tonnage employed in the foreign trade from 1795 to 1801, both years included, amounted in the aggregate to 4,544,314 tons, or 649,187 tons per annum. The profits on it, if calculated at the rate of \$50 per ton, for the average annual value of freight out and home on voyages of every description, must have produced for the freight alone 32,459,350 dollars per annum. The estimate for the gain of freight is a moderate allowance; intelligent merchants have calculated it as high as seventy dollars per ton on voyages of every description.’*

* Seybert’s Statistics, p. 281

There is an example, which still more strikingly shows the absurdity of these balances. A well known establishment, in the state of Maine, exports annually a quantity of ice, which in our northern latitudes is produced exceedingly cheap, for which it receives in return colonial produce, it has been said, to the amount of \$100,000. But this beautiful creation of value goes for nothing in our author's view. For nothing, did we say? it is a balance of \$100,000 against us. In short, there are some things so plain, that, however pledged or tempted to deny them, one feels awkwardly when challenged directly to the point. We would therefore ask our author, how he thinks the great accession of wealth in the country has arisen? The houses in our cities—the ships in our ports—the expenses of our government—have surely cost something. The balance of trade has *always* been against us according to his notion of that balance; and we should be glad to know how, in a trade ruinous from the beginning, so much property has been created, distributed, consumed, or accumulated? Let him not say that we are now living from the profits of better times. We think he cannot point out more than one year, since America was a nation, when this balance has not been vastly against us according to his explanation.

We shall not wholly dismiss his account of the debts of America to foreign nations, without remarking on one other item, which amounts to thirty-one millions or a half of his whole sum of sixty millions. Nearly all of it is public stock owned by foreigners, and for which of course interest is paid. The stock has been created at different periods in our country's history, but principally to pay the expenses of the revolutionary and the late war. As our author considers the late war to have had a very happy effect on the industry of the country, he cannot quarrel with the objects, for which the loans were raised. In other words, he must allow that these thirty millions, which we owe to foreigners, were borrowed for great national ends. This consideration is enough to show how ungracious it is to throw this sum in, to swell the amount of the debts of the country, and to add it up into one mass with the balance of trade. But this is not all. This large sum is really a loan of so much capital to the United States. Having been raised for the purposes of war, its value was of course consumed in the service of our country; and the \$30,000,000 owned abroad accordingly stand in the place of and represent that amount of domestic capi-

tal, which must otherwise have been destroyed without reproduction. Is it then to the disadvantage of the country that so large a portion of the funds requisite for its wars have been furnished by foreigners? On the contrary, is it not an addition to its resources? Besides, what has this to do with the question of excess of importation? Our author surely does not think, as he seems to do by introducing it, that, because stocks are sometimes sent to Europe as remittances, therefore the debt was created for that object? The merchant A, who sends stock to London to pay for goods, buys it first of B at home; henceforward B will possess the value given him by A for the stock, and all the profits upon that value. The interest of the stock is paid, it is true, to the foreign stockholders, but it is not therefore sent out of the country; for B, who sold the stock to A, is receiving interest on the purchase money; and the foreign stockholder receives, not an interest drawn from our country, but the profit on the foreign goods, in payment of which he received the stock. In short, in every case, the foreign creditor of government sent a value, at some time or other, to America, which was regarded as an equivalent by America; and, while we pay the foreign stockholder interest on the one hand, on the other, we have our profit on that equivalent which was given us for the stock; so that it is wholly immaterial, whether our stocks be held abroad or at home. If held abroad, the interest goes; but the profit on the value paid for them stays. Or if the value of the loans, on which the public debt is founded, be regarded as wholly consumed and destroyed, then the thirty millions owned abroad saved the destruction of that amount of domestic capital. The interest of \$30,000,000 goes abroad; but the profit of the \$30,000,000, for which this was substituted remains at home. Stock held by foreigners stands on precisely the same footing as stock held at home.

In pursuing the subject in his second chapter, our author treats of the high rate of bills of exchange, and regards it as another evidence that the balance of trade was totally against us. He makes no allusion to the fact, that when exchange was here at a premium of ten per cent., dollars in London were at 4s. 1 $\frac{3}{4}$ d. and of course that exchange was cheaper than silver.* That it must have been so, one would have

* See this subject very ably stated the last winter in an essay in the Portsmouth Journal.

thought, must have struck him, from the fact so often alluded to, that no specie was sent to England. Nor does he give any credit for the effect of this same high rate of exchange on the sales of all American produce in England ; whereas it is plain, that for exchange to be at 10 per cent. premium, is equivalent to an advance of 10 per cent. on the price of our exports in the foreign market. In fact the dark side only of every thing presents itself to his mind, and the terms of extravagance, with which that is exaggerated, are sometimes amusing. Thus, in speaking of the ill concerted speculations, in the stock of the bank of the United States, which took place last summer, he maintains that the fall of that stock from $109\frac{1}{4}$ to 98 in the course of five days, was a reduction 'almost without a precedent, except in the case of the Mississippi and South sea schemes.' Now, without observing that in ten days more the stock had risen again to 102, we would only expose this exaggerated comparison of a change in the price of an article of 11 per cent. in five days, to the South sea scheme. Scarce an article of extensive consumption, but varies as much, and often in consequence of the arrival of one vessel. For stock of the United States' bank to sink in five days from 109 to 98, is for flour to sink from 6 dollars to 5,34 cents ; or coffee from thirty cents to $26\frac{3}{4}$: a considerable reduction certainly, but as much like the South sea scheme, as a cup of coffee is like the South sea.

Having in the first part of his work set forth the evils of the country, viz. excessive importation, drain of specie, stagnation of industry—and impending ruin, he proposes his remedy ; which is, the encouragement of domestic manufactures by an increase of duties on importations. This topic is so ably treated by all the writers on political economy, particularly by Say, that we forbear to engage in its discussion. We would only repeat a remark which we have already made, that whereas our author, by his too often repeated sneer at Smith, affects to ascribe to him alone the doctrines which he is combating, there is nevertheless not an author of repute, who does not follow Smith on this subject.

5. Our author urges upon us the encouragement of domestic manufactures, by the example of the prohibitory tariffs of almost all the nations of Europe, and, as a strong additional inducement, tells us that Russia has changed her system *three*

times in *six* years, laying heavy duties in 1816, whereupon her manufacturers grew rich ; repealing them in 1818, whereupon they were ruined ; and reenacting them in 1822, on the strength of which they will doubtless flourish again. And these are the examples for us to follow ; these disastrous fluctuations, productive of greater evil than even the worst permanent policy ! It is no small argument for those, who oppose the scheme of violent congressional interference to direct the inhabitants of the country how they shall employ their capital and their industry, that from the nature of the case, and particularly in a government like ours, where political parties are liable to continual variation, the most ruinous caprice may be brought into action from session to session of congress, and the most important investments and extensive enterprises have no other security, than that a majority in congress may continue of one mind.

To the prosperity of the manufacturing interests of our country we are most hearty wellwishers. America has reached a point, where they ought, and where they will be cultivated, nay, where they *are* cultivated in full proportion to any other branch of industry. We simply protest against the destruction of our commerce, and the imposition on the whole community of heavy taxes, first in the shape of higher prices, and then in the necessity of an excise, and all for the sake of forcing our manufactures to a premature ripeness. The very reason, the only reason, which leads foreign nations to forbid the importation of articles of external manufacture should decide us to continue in our policy of admitting them. In all the states of Europe, exceedingly artificial and complicated systems of mutual prohibition have grown up from various causes ; such as national rivalry, financial necessities, the colonial system, and theories once believed sound, but now, as theories, universally exploded. These systems of long standing could not be overthrown, without vast sacrifices of fixed capital, which no government would dare, which none perhaps would be justified in attempting. Adam Smith, notwithstanding all that has been said against him, no where recommends the general and speedy introduction of the system, which he has unanswerably defended ; but, on the contrary, has repeatedly urged that all changes should be exceedingly slow and gradual. On this ground alone the restrictive and prohibitory systems are justified ; on this ground they are justifiable in old countries, where the very

idea of a sound policy is abandoned, and the only question is, what potent drug, what political *eau médicinale*, will longest sustain the frame without producing a worse palsy than it is meant to avert. In our country, besides all the considerations in favor of the liberty of employing one's capital and industry to one's mind, is that very additional argument, by which the opposite system is defended in Europe. A considerable proportion of the capital of the country is commercial. Acquired in commerce, it has been continued in the same pursuit. A tonnage valued at \$70,000,000, the real estate in the seaports, which we will not undertake to put into figures, the industry of those who have been brought up to trades connected with commerce; all these united seem really to present to us a mass of interests something too important to be sacrificed by an act of congress. To talk of encouraging manufactures by 'protecting duties' is an absurdity in language, with respect to manufactures which do not yet exist in the country, and which would not have been attempted for fifty years, but for the late war. The *existing* interest needs protection; and we repeat, that precisely those arguments used abroad to defend their restrictive systems, may be forcibly employed here against the prostration of our commerce. To make this more clear, we will suppose that, by some peculiarity of things, America had, from the first, grown up a manufacturing people; that we really fabricated a great portion of what we consume; that these manufactures had resulted in an unexampled prosperity—a doubling of our numbers in a ratio that amazes the world, a growth in wealth, improvement at home, respectability abroad of the most extraordinary kind; and all this without great protection on the part of government, but by the mere facilities of our soil, and industry of our citizens. Suppose that, while things were in this state, the inhabitants of the seaboard should demand heavy duties to be laid on every article manufactured at home, for the sake of producing a demand for foreign merchandise, and in order to be able to bear the expense of digging away sand bars, erecting lighthouses, and in every other way removing the obstacles to navigation. Can imagination do justice to the clamor and trouble it would excite? Would the government, that broached such a policy, ever convene again in Washington? And yet this is fairly the case with the pretensions of our author and his school.

Our limits do not permit us to go into the main argument of the comparative productiveness of manufacturing and commercial industry, but we cannot but correct one false impression of very general prevalence. It is said, that, by importing an article of consumption, we pay to foreign workmen and capitalists the profits on its production, whereas, if it be manufactured at home, we pay our own capital and workmen; and that therefore in the former case the industry of foreign nations is encouraged and the wealth of foreign nations increased, and in the latter, our own. If we mistake not, there is a fallacy in this reasoning, which has not yet been distinctly pointed out; though in fact it is felt and condemned under many other forms. It arises from confounding the two kinds of production, that of the foreign artist, who fabricates the article, and that of the merchant who brings it home. As far as the interests of America are affected, the American merchant is the producer of what he imports. Instead of building a factory, he builds a ship; and invests his capital, not in spindles and looms, but in an outward cargo. On his return he brings the article wanted into the market, by a process which, in its effect on the national wealth, is precisely similar to that of the domestic manufacturer. Suppose that British dry goods, instead of being costly articles in England, were productions spontaneously accumulated on a desert coast, and that the merchant was obliged merely to go and gather them up; but that the length and danger of the voyage made the goods on their arrival as dear as they now are, in the existing state of things. Here it is plain the merchant would be the sole producer, and the only question important to the nation would be, whether the goods were worth the expense of the expedition. This is no fictitious case; the whale fishery corresponds with it identically; and supposing the price to be the same, it would be indifferent, as a question of national wealth, whether we bought the oil of the British, or dragged it from the deep. When the merchant therefore brings an article of English goods into the market, he has converted his capital, skill, and industry into an useful object of consumption. He, his ship-master, ship-builder, rigger, rope-maker, duck-weaver, crew, with all their wives and children, produce and manufacture the article *quoad nos*, and the consumer pays for it. The price that he pays is the full price of its production to the merchant.

ship-master, &c. If the domestic manufacturer produces it, the consumer pays the price to the proprietor of the factory, to the machinist, the weavers, &c. who fabricate it. In both cases, it is a price paid to American capital, industry, and skill ; and even our author would probably allow that, of the two American manufacturers, we have a right to employ the cheapest and the best.

But it may be asked, if it is not the American merchant who pays the foreign manufacturer, who does pay him ? He is surely paid by some one, and that to profit. To this we answer, that he pays himself, as every person in prosperous business must. Profitable trade supposes that both parties gain ; that is, that both parties get a profit on their capital, and wages for their industry. And both are enabled so to do, because a new value is produced. By this new value the producer is paid ; if he consumes it himself, he is paid in his preserved life, continued health, and increased pleasure. If he produce more than he consume, he exchanges the surplus for something else, which he can consume, either unproductively in gratifying his wants, or productively by adding to his capital. In either case he pays himself. Two traders are enabled thus to pay each himself and yet not injure the other's bargain, by the circumstance that their goods severally have acquired an additional value, by coming to a market, and being converted from a surplus into an article of demand. It is mutually profitable to them to exchange ; each has gained value by the barter. There is therefore no more propriety in saying that in the importation of British goods we pay British industry, and employ British capital, than that the British employ American capital, and pay American labor. It is clear that the goods represent an equal amount of capital and industry in the possession of the American as of the Englishman. Supposing the purchase to have been judicious, it was equally for the interest of both. The Englishman, in the price for which he sold it, got interest on his capital and wages on his labor ; and the American will do the same :—neither, because he has overreached the other, neither at the expense of the other ; but each, in the increase of value by exchanging articles, respectively more wanted by the other.

But it will still be urged, that, although the American importer may not sacrifice any value of his own, to pay the foreign

manufacturer, still, by trading with the foreign manufacturer, he confers on him the benefit of a demand for his fabrics, and deprives his own country of the same benefit, and that thus foreign capital and industry are encouraged at the expense of the domestic. This is so plausible a view, that many persons, by no means of the manufacturing party, assent to it; and plead only in practice against it, that existing mercantile interests are entitled to protection. The view, however, is wholly without foundation, and it is capable, we think, of proof, that domestic capital and industry are precisely as much encouraged by importation as by manufactures. To manufacture an article instead of importing it, may employ capital in a different way, and create a demand for a new *species* of industry in the place of an old one, but never can make the accession of a particle to either, beyond the fair progress of society at large. When the importer purchases a foreign fabric, he gives for it a product of American capital and industry, which is regarded as an equivalent. No matter in what form this product exists, nor what channel it may have passed through. It may be potash, or tobacco, or cotton, or dollars. The importer receives nothing in Liverpool, for which he does not pay in the produce of American capital and industry, of which, of course, the costs of the voyage make a part. Every bale of goods bought, therefore, represents its full value of American industry, labor, and skill in some form or other. No part of this value goes to pay the British artist; because, in that case, the same thing would be twice paid for. The American consumer pays the cost of producing the article in the American market; and the British consumer, who receives and consumes the tobacco, cotton, specie, or potash, which were given for the article, is the individual who in reality pays the British artisan. At any rate, as the American produce, including the expense of transportation, is an equivalent for the value of the goods for which it is exchanged, if the American merchant encourage British industry, the British manufacturer encourages American industry to precisely the same amount; to an amount which the parties themselves judge to be the same, because they exchange the results voluntarily with each other. Accordingly, a thousand dollars invested in importations, encourages American industry, and pays the interest on American capital to its full amount; and, if the business be prudently

managed, so that the importer shall keep his fixed capital unimpaired, defraying all the charges, and yielding a fair profit (and this must be done in any business, or that business will be abandoned for a more profitable, if there be one), this thousand dollars has been employed as advantageously as possible to the country. No matter where the scene of action has been laid, in the broad plantation, the deafening stories of a factory, or on the stormy sea. A thousand dollars can put in motion only a certain quantity of labor; and, except where protected by a monopoly, can of itself acquire but the average profits of value possessed and invested in other ways, in the same community.

We are surprised that Dr Seybert, who in every other respect has soundly stated the doctrine of the balance of trade, should here have deserted his own principles. He tells us that the balance in favor of England is actually an unfavorable balance to us, because our imports consist in manufactured articles, and that twenty millions and a half are annually consumed by America, on which we pay profit to England; adding in a note, that the raw material is estimated to increase seven fold in value by being manufactured. This fact, however, does not bear on the question. When the American merchant buys the English manufactures, he exchanges value to their amount. Is the invoice of dry goods worth a thousand pounds, he gives for it a thousand pounds' worth of products of American industry and capital; be it gold, silver, exchange, tobacco, or cotton, the principle is the same. The parties buy of each other.

But it will be said, that by encouraging domestic manufactures, we bring into operation more industry in the production of the same article, and that therefore domestic industry is more encouraged. This fact, in most manufactures, is true; but the only consequence of this truth is, that, without serving any one, not even the manufacturing interest, the community is made so much the poorer. To employ more industry in producing the same result,—to work four hands in order to get into the market what might otherwise be got by the labor of two, is merely destroying so much productive industry, and making the community so much the poorer. This is immediate—felt in raising the price; and the direct consequence is, that the country is not enriched, but impoverished; it pays more for the same thing, fewer persons of course will consume it,

and those, who consume it, will do so at a greater sacrifice. But the producer is not benefited. It is no advantage, on the contrary, it is a disadvantage to the producer to enhance the cost of production, as this infallibly diminishes the consumption. If more industry is employed in the domestic manufacture, than in the foreign importation of the article, then more American capital and American labor are consumed for the production of the same effect. And this is an evil.

It is an evil to the farmer. The manufacturers have attempted to make common cause with the farmers, and represent the latter as saying 'we will give you to eat, if you will give us to wear.' But the farmer wants various kinds of clothes, and something besides clothes. He wants cloth of one manufacturer, linen of another, shoes of a third, tools of a fourth ; it is for his interest to get each as cheap as he can. It is for his interest to give as little wheat as possible for his coat, that he may have the more to spare for his shirt ; and, again, as little as possible for his shirt, that he may not be stinted in his tools. If he have to pay his neighbor, the manufacturer, four bushels of wheat for his coat, when the merchant would have furnished it for three bushels, or the value of three bushels, in proportion to the difference, he is able to furnish himself with fewer comforts,—he is so much the poorer.

We wonder, moreover, that this argument has not suggested to the manufacturers the immediate effect which their policy would have on the export trade of the United States. Millions of dollars of our produce are now called for by Great Britain alone, and paid for in her produce. To cut off our trade with her would be to sacrifice a considerable portion of the wealth accumulated in our country by this branch of industry. Our author, it is true, murmurs at the British, because they will not take our wheat. But why is he not contented that they take our tobacco and cotton ; or what would it avail us to have the right of exporting wheat, if, by prohibiting their manufactures, we refuse the only thing it is for their interest to pay ? In fact, our author's intimations amount to this, that because we cannot find a market for every thing we produce, it is not worth while to have a market for any thing.

In the present state of things in this country, we hold this course of argument to be unanswerable. It is decidedly for the interest of every individual consumer in a free communi-

ty, that every article of consumption be brought into the market as cheap as possible. It is therefore the interest of every consumer in America, that every article be produced in the market, in such a way, that it may be procured for the least value in exchange. With respect to the consumer, therefore, it is not for his interest that any manufacture be attempted, in which more capital and industry will be required, to produce the same, than would be required to produce it in the way of commerce. The capitalist, considering him as undecided whether to invest his capital in manufactures or commerce, has the same interest to invest it where the least capital will produce the greatest result. Prospectively, therefore, American capital can be interested to carry on no manufacture, where the cost of the imported article is less than that of the manufactured. For manufacturing capital, already in existence, we would certainly allow the claim to reasonable protection. It ought not to be forgotten, however, what a prodigious bounty—that of the restrictive system—was paid, by the commercial capital of the north, and the agricultural capital of the south, to the manufactures set up during the war; and it is not without disgust, that, under the head of general remarks in the digest of manufactures laid before congress at the last session, we perceive the decline of prices since the war to be often spoken of by the owners of factories as an injustice to the manufacturer.

As it is for the interest of the consumer that every thing should be cheap and abundant, instead of the complaints which we often hear, that our industry and capital cannot sustain a competition with the English, we ought to perceive that, so far from being injured, we are served and assisted by it. There are writers among us, who appear to think that human happiness consists in working hard to produce; whereas it consists in consuming. The miserable serfs, who, in the smoking and sulphurous forges, the dreary coal mines, and the stunning factories of England, are working from twelve to sixteen hours a day on wretched wages, are toiling for us. They labor to lessen the amount of American industry which it is necessary to pay for the articles imported.—Their competition? it is a competition to put it into the power of the American farmer, and the American mechanic, to consume more at less expense, and thereby to become richer.

On the general question of encouraging manufactures by

duties on imported articles, a question on which appeals have been importunately made to the popular feeling, it ought ever to be borne in mind, that it is a question immediately of capitalist against capitalist. Those who go into manufactures with large capitals will command and fix the market ; those who engage in this business with small capitals, or none, will be in precisely the same want of encouragement then as ever. British competition may be shut out ; but the far more powerful competition of domestic capital, and all the advantages which it commands, will be called into existence. Moreover, the competition among capitalists themselves would sink the profits of the most successful manufacturing establishments to a fair average level with other employments of industry and capital, so that the only effect on the community, in this respect, would be, that so much capital would have been diverted by legislative interference from one pursuit to another ; and that the public would be the sufferer in all the difference between the eligibility of the two investments, that is, in all the amount of duties imposed to produce this diversion.

With regard to the effects on the population ; it may be a question harder to decide, which employment of capital is most favorable to the growth and increase of a hardy, vigorous population. As advised at present, we are by no means persuaded that the commercial investment is not as favorable as the manufacturing. We think but meanly of the average morality of sailors ; but we do not know but it equals that of the inmates of factories. Besides, the ships' crews are the smallest part of those whom commercial capital employs. Tracing into all its branches the effect of either investment on society, we believe it will be found, that those who are supported and fed by commerce, are as moral as any other part of the community.

As to the numbers which are respectively fed by commerce and manufactures, we believe that great mistakes both of fact and principle exist. Manufactures gather at first a greater visible multitude together. A large building or buildings are filled with men, women, and children, and a little village is formed by their dwellinghouses. A town almost grows up in a season. But this is rather an apparent than a real effect. The factory is usually built on an unfrequented spot ; and the nature of the pursuit condenses more of the labor upon the one

point where the buildings stand. The operations of commerce are lost in her own crowds. A China ship and cargo are as costly as Waltham factory ; but the ship is not to be distinguished among the forests of masts at the wharfs, nor can the multitude, which have in some way or other been employed in connexion with the vessel and cargo, be pointed out and enumerated, scattered as they are throughout a large city, nay, throughout a country. We think that in an open trade, and in a free country, taking one pursuit with another, from the beginning to the end, the same capital puts in motion about the same quantity of labor, directly and indirectly, and to about the same profit. Did our limits admit, we could in various ways make this probable. It is ably enforced by the intelligent editor of the American edition of Say's Political Economy. In this respect, therefore, we think there is an error in fact, in supposing that manufactures employ more labor than commerce, tracing each from the beginning to the end of its operations. But the error in principle is still more apparent. It is no recommendation, but, on the contrary, an objection to a pursuit, that it employs more men, more labor for the same end ; else, all machinery, instead of enriching, would impoverish the nation. Many machines have been invented which do the work of hundreds, yea, of thousands of human hands. It is acknowledged that they are one great cause of the vast product of national wealth where they exist. But they have the effect to employ less labor to produce the same value ; and if it be a recommendation of domestic manufactures, that they employ more labor to produce the same article than commerce employs to import it ; we should be glad to know, how a spinning jenny, which reduces nine tenths the amount of industry required to produce an article, can be the source of wealth ? We should be glad to know the difference between a ship and all other kinds of machinery, that makes a reduction of the amount of labor, necessary to produce an article, ruinous when effected by the employment of a ship ; and salutary when effected by the employment of double speeders and carding machines. In fact, it is the interest of every consumer, and that is synonymous with every man, that every thing which he is to consume should come into the market as cheap as possible ; and this is to be effected by producing it with as little labor and expense as possible.

When we witness the zeal, with which the cause of manufactures is pleaded, and duties on foreign importation are demanded, we cannot but ask, with what justice so large a portion of the agricultural, the commercial, nay, the manufacturing capital and industry of the country is to be forced out of the channels, in which it has flowed so long and so profitably, for the sake of providing a bounty for those branches of industry, which, were they profitable, would need no bounty? To destroy the importation of foreign manufactures would, as its first effect, be to reduce very low, if not to annihilate the market for our great southern staples. It would be to force the South Americans and the Hindoos to supply the British market with cotton, which they soon would be able to do, if the British manufacturer were unable to pay for our cotton with his fabrics. Let it not be said we should at home consume all the cotton, which we now export. On the contrary, if it be correctly maintained that in general raw materials increase seven fold in value by manufacture, we should consume only one seventh of what is sold in England. We should be committing therefore on a large scale, the same error, which England has committed on a small one, in forbidding the importation of timber from the North of Europe. She has injured her manufactures by taking away a market from them, and she provides timber for her navy at a greater expense. But this is not the worst, that would happen to us, by building up manufactures at the expense of our commerce; we should destroy the most flourishing *manufacture* now existing in America. After the little domestic manufactures, by which single families supply themselves with the necessaries of life, and small mechanics and artisans provide the most essential commodities for their villages (which, though insignificant in any one instance, probably amount, in the aggregate to one hundred millions of annual value, throughout the United States) next to these, and far before any of the great manufacturing establishments of cotton, of wool, of iron, or of glass, we place *the manufacture of ships*. The tonnage of America in 1810 was estimated at seventy-one millions of dollars in value; two thirds of which were employed in the foreign trade. With the exception of a considerable part of the sail cloth, and an inconsiderable sum for bunting for colors,* this vast amount of value

* Tench Coxe's Statement of the Arts and Manufactures of the U. S. of America, p. xix.

is produced out of the growth of our own soil, and of our own forests. On an average of all the years from 1803 to 1816, Dr Seybert found,* that the annual amount of *new* tonnage in America, was 102,811 tons, exceeding that of the British empire. This gives an annual *manufacture of tonnage* of five millions of dollars. This branch of *manufacturing industry* therefore must be, two thirds of it, sacrificed, and to promote *other manufactures*. And yet this vast amount of manufacturing industry is employed and paid by commerce, only in the very first step of her operations. This annual bounty of five millions of dollars paid to the forester and woodman, to the iron-founder and smith, to the carpenter and shipwright, does but bring the vessel to the quay. Seventy thousand seamen, with their wives and children, are next to be clothed and fed, or, in other words, more than nine millions of dollars are paid annually by commerce, in the single article of wages to seamen, at the rate of eleven dollars per month. As no account is here made of the superior wages of captains and officers, this estimate is quite within bounds. The subsistence of the crews, at the rate of twenty cents the man per day, amounts to over five millions of dollars per annum. And thus, in the pay and sustenance of seamen alone, fourteen millions of dollars are annually expended by the commerce of this country, in the wages and subsistence of the laborers it employs. Combining this with the five millions annually required to keep the American tonnage in repair, we have nineteen millions annually disbursed by the *ship manufactory* to the laboring classes of the community. Here we stop, though it is, as we have said, the first stage of commercial operations. We say not a word of the industry required to prepare the outward cargo, or vend the return cargo, each of which is put in motion by commerce, the former to the enriching of the great agricultural states, and the latter resulting in the growth of the great commercial cities. We say nothing of the service rendered to every individual, however remote or distant he may be, who is enabled by commerce to take advantage of the crowded population, the accumulated capital, and the intense competition which prevail in foreign countries; and thus purchase the most useful and necessary articles at the cheapest rate. We say nothing of all these, but we rest on the simple preliminary fact, that the commerce of this country,

* Seybert, p. 310, 311.

in the outset of its operations, without reckoning profit on an ounce of produce shipped for exportation, pays to the hard working industry of the country nineteen millions of dollars annually. When it shall be proved that any or all of the manufacturing establishments of the United States do this, it may be argued with some plausibility that they deserve to be built up at the cost of our commerce. Meantime a moment's reflection on this vast amount, which is paid by commerce in annual wages to those whom it employs, abundantly shows, that in commercial enterprises, comparatively speaking, there is a vast consumption of labor, and a small one of capital. To erect any manufacturing establishment, with tolerable prospects of success, a hundred or two hundred thousand dollars are wanted in the outset. There is not probably an American merchantship that floats worth forty thousand dollars, and the great mass of our navigation consists of vessels, which are built and fitted for sea, at a cost of from four to twenty thousand dollars. With this small outfit, the globe is circumnavigated, and the fertility, the cheapness of labor, the peculiar staples, the accumulated capital and improved arts of every country, are laid under contribution to enrich ours. Certainly this is the circumstance, which has caused our commerce to flourish so much beyond our manufactures. Not a want of capital, as some writers allege, but a want of capital in those great masses, which are required to set up manufacturing establishments. Capital, instead of being scarce, is abundant in this country, if by capital we mean such an amount of value as enables a man to undertake and prosecute an independent business. But it is in small amounts ; like the orphan's cup in the Iliad,

Χεῖλα μὲν σ' ἰδὶν, ὑπερώην δ' οὐκ ἰδῆεν.

Without reflecting, that the existence of capital in small and widely diffused portions is, like the statute of distributions which is one great cause of it, not a disadvantage, but the happiest feature of our political condition ; without reflecting that our progress is so rapid, that, notwithstanding its perpetual division and distribution, capital is already gathering itself into masses, competent to the most expensive undertakings ; our manufacturing writers have hit upon the notable device of raising a capital to carry on this business ; and the burden of all their writings and addresses is, 'we wish to raise a capital large

enough to carry on a woollen factory, and we call upon every consumer in the country to pay us twenty cents on every dollar he consumes, toward raising this capital, of which we stand in need.' Such claims need but be plainly stated.